

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

VILLAGE OF PINCKNEY

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

VILLAGE OF PINCKNEY

VILLAGE OFFICIALS

President – Rebecca Foster
Clerk - Amy Felty
Treasurer - Judith Paul

VILLAGE COUNCIL TRUSTEES

Rebecca Foster
Linda Lavey
Robert MacDonald
Kurt Mohrmann
Thomas Pais
Bob Stone
Barry White

VILLAGE ATTORNEY

Cohl, Stoker, Toskey & McGlinchy

VILLAGE AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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Certified Public Accountants

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September 20, 2007

To the Village Council
Village of Pinckney
220 S. Howell
Pinckney, Michigan 48169

INDEPENDENT AUDITORS' REPORT

Honorable Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pinckney as of and for the year ended June 30, 2007, which collectively comprise the Village of Pinckney's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Pinckney's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pinckney as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 13 and 43 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pinckney's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT
DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis

June 30, 2007

Within this section of the Village of Pinckney's annual financial report, the Village's management is providing a narrative discussion and analysis of the financial activities of the Village for the year ended June 30, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Village's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Village's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Village also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Village's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Village-wide statement of position presenting information that includes all the Village's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village as a whole is improving or deteriorating. Evaluation of the overall health of the Village may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Village's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Village's distinct activities or functions on the revenues generated by the Village.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Village programs.

The Village's financial reporting includes all the funds of the Village (primary government) and, additionally, organizations for which the Village is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Village has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Village activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Village as a Whole

The Village's net assets at the end of the fiscal period were \$11,075,978. This is a \$211,610 increase over the net assets of \$10,864,368 reported for the year ended June 30, 2006.

The following tables provide a summary of the Village's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2007	6/30/2006	6/30/2007	6/30/2006	6/30/2007	6/30/2006
Current and other assets	\$ 1,405,226	\$ 1,345,210	\$ 3,940,779	\$ 4,244,315	\$ 5,346,005	\$ 5,589,525
Capital assets	601,760	641,934	6,443,456	6,178,863	7,045,216	6,820,797
Total assets	2,006,986	1,987,144	10,384,235	10,423,178	12,391,221	12,410,322
Other liabilities	167,242	279,284	93,001	151,670	260,243	430,954
Long-term liabilities	325,000	340,000	730,000	775,000	1,055,000	1,115,000
Total liabilities	492,242	619,284	823,001	926,670	1,315,243	1,545,954
Net assets:						
Invested in capital assets, net of related debt	586,626	265,089	5,668,456	5,358,864	6,255,082	5,623,953
Unrestricted	928,118	1,102,771	3,892,778	4,137,644	4,820,896	5,240,415
Total net assets	\$ 1,514,744	\$ 1,367,860	\$ 9,561,234	\$ 9,496,508	\$ 11,075,978	\$ 10,864,368

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	6/30/2007	6/30/2006	6/30/2007	6/30/2006	6/30/2007	6/30/2006
REVENUES						
Program revenues						
Charges for services	\$ 172,748	193,735	\$ 505,940	\$ 532,179	\$ 678,688	\$ 725,914
Operating grants and contribution	156,603	18,160			156,603	18,160
Capital grants and contributions			14,004	65,750	14,004	65,750
General revenues						
State shared revenues	161,546	299,254			161,546	299,254
Property taxes	888,082	831,677			888,082	831,677
Interest income	70,635	50,838	216,390	175,393	287,025	226,231
Other	85,578	67,838	22,259	17,209	107,837	85,047
Total revenues	<u>1,535,192</u>	<u>1,461,502</u>	<u>758,593</u>	<u>790,531</u>	<u>2,293,785</u>	<u>2,252,033</u>
EXPENSES						
General government	267,957	264,625			267,957	264,625
Public safety	340,859	340,118			340,859	340,118
Community development	147,213	140,614			147,213	140,614
Public works	129,418	754,674			129,418	754,674
Refuse collection	122,615				122,615	
Roads	327,583				327,583	
Cemetery	17,018				17,018	
Streetlights	22,536				22,536	
Interest on long-term debt	13,109	14,124			13,109	14,124
Water system			273,720	264,870	273,720	264,870
Sewer system			420,147	364,108	420,147	364,108
Total expenses	<u>1,388,308</u>	<u>1,514,155</u>	<u>693,867</u>	<u>628,978</u>	<u>2,082,175</u>	<u>2,143,133</u>
Change in net assets	146,884	(52,653)	64,726	161,553	211,610	108,900
Special item-connection fees repaid				(103,377)		(103,377)
Changes in net assets	146,884	(52,653)	64,726	58,176	211,610	5,523
Beginning net assets	<u>1,367,860</u>	<u>1,420,513</u>	<u>9,496,508</u>	<u>9,438,332</u>	<u>10,864,368</u>	<u>10,858,845</u>
Ending net assets	<u>\$ 1,514,744</u>	<u>\$ 1,367,860</u>	<u>\$ 9,561,234</u>	<u>\$ 9,496,508</u>	<u>\$ 11,075,978</u>	<u>\$ 10,864,368</u>

This year the Village saw an increase of cash and cash equivalents in the government funds due to an increase of revenues over expenses, while cash has decreased for the Village's proprietary funds. Proprietary fund short-term liabilities also decreased significantly.

The government funds net assets increased by \$146,884 and the proprietary funds net assets increased by \$64,726.

Financial Analysis of the Village's Major Funds

The Village's General Fund had revenues over expenditures, before other financing uses, totaling \$125,454 this year and \$144,425 last year. This is an exception to the breakeven scenario that is typical of the Village's operations. June 30, 2007 ending fund balance is \$672,004, or approximately 50% of the General Fund's annual expenditures. This should provide an adequate cushion for any unexpected expenditures.

Three of the Village's major funds are Major Streets, Local Streets and General Highway. Major Streets had an increase in fund balance of \$13,452. A major street reconstruction was in progress on June 30, 2007. Local Streets had a decrease in fund balance of \$12,127. A \$25,000 budget amendment was due to increased costs related to a street reconstruction project completed this year. The Highway Fund had an increase in fund balance of \$7,933. A decision was made to limit the transfer of funds to Major and Local Streets until needed for future projects.

The Village's two major business-type funds, Sewer and Water, had a net operating loss of \$145,661. Sewer posted a net operating loss of \$82,045 while Water posted a net operating loss of \$63,616. Net income for Sewer and Water was \$16,753 and \$47,973, respectively. A new rate schedule for both sewer and water was established beginning January 1, 2006 and will be reviewed annually and revised, if so indicated.

General Fund Budgetary Highlights

The General Fund budget was adopted prior to the fiscal year in accordance with Public Act 493 of 2000. Total budgeted appropriations exceeded actual expenditures by \$78,642. Expenditures are budgeted by activity, and a few of these activities exceeded budgeted appropriations. The Building and Grounds expenditures exceeded the budgeted amount by \$13,884 due to the costs of a Due Care Plan for a contaminated parcel of land owned by the Village. One of the buildings on this parcel will be renovated and put into use in the next fiscal year for storage of Village equipment. The budget was amended during the year to account for various immaterial differences between budget and actual. One material amendment, in the amount of \$16,000, was made to account for the decrease in attorney fees.

Capital Asset and Debt Administration

The governmental funds of the Village was able to reduce its liability by \$10,256 this year for sidewalk and road improvements for the Downtown Development Authority due to a decrease in the final cost, as originally projected by the Michigan Department of Transportation. To finance these improvements, \$370,000 of bonds were sold during 2004. Current principal balance owed on the bonds is \$340,000.

A police car was acquired under a capital lease for four annual payment of \$8,518, beginning in June, 2006.

The business-type funds issued no new debt for its utility systems and reduced the balance owed on the bonds by \$45,000 to \$775,000.

Economic Conditions and Future Activities

The Village is anticipating a further drop in state revenue-sharing for its general fund to continue into next year due to the state's declining economic environment. Although the effects of this are not known at this time, the Village has taken this into consideration in preparing the budget for next year.

Property taxes will increase slightly in 2007-2008 although the millage rate will remain at 10 mills, the same rate as in the fiscal years 2005-2006 and 2006-2007. Expenditures will also increase due to a number of budgeted items, including technology updates, a 3% wage increase for employees and the renovation of a building for use by the DPW. Rising health insurance costs are a concern, but the Village has opted for a health reimbursement plan in conjunction with the traditional Blue Cross/Blue Shield coverage and will monitor this approach to assess the financial benefits.

Beginning in August, 2007, the Village will be providing police service to Putnam Township and will be reimbursed for actual costs, not to exceed \$72,924 for the first year. This should put no financial burden on the Village and may result in future cooperative efforts between the Village and the Township.

Contacting the Village's Financial Management

This report is designed to provide a general overview of the Village's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Village of Pinckney at 220 S. Howell, Pinckney, Michigan, 48169

BASIC
FINANCIAL STATEMENTS

GOVERNMENT - WIDE
FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,221,542	\$ 1,001,268	\$ 2,222,810
Cash and cash equivalents - restricted		2,323,920	2,323,920
Receivables			
Taxes	4,510		4,510
State of Michigan	28,582		28,582
Intergovernmental	34,150	172	34,322
Accounts	78,436	219,570	298,006
Special assessments		388,653	388,653
Prepaid expenses	38,006	5,996	44,002
Inventory		1,200	1,200
Capital assets - net of depreciation	601,760	6,443,456	7,045,216
Total assets	<u>2,006,986</u>	<u>10,384,235</u>	<u>12,391,221</u>
LIABILITIES			
Accounts payable	84,405	37,876	122,281
Accrued wages/taxes	49,457		49,457
Accrued interest payable	3,246	10,125	13,371
Contracts payable			
Current	7,266		7,266
Non-current	7,868		7,868
Bonds payable			
Current	15,000	45,000	60,000
Non-current	325,000	730,000	1,055,000
Total liabilities	<u>492,242</u>	<u>823,001</u>	<u>1,315,243</u>
NET ASSETS			
Investment in capital assets, net of related debt	246,626	5,668,456	5,915,082
Unrestricted	1,268,118	3,892,778	5,160,896
Total net assets	<u>\$ 1,514,744</u>	<u>\$ 9,561,234</u>	<u>\$ 11,075,978</u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Programs Revenues			Net (Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ (267,957)	\$ 12,355	\$	\$	\$ (255,602)	\$	\$ (255,602)
Public works	(129,418)				(129,418)		(129,418)
Police protection	(340,859)		924		(339,935)		(339,935)
Roads	(327,583)	15,136	155,679		(156,768)		(156,768)
Refuse	(122,615)	130,257			7,642		7,642
Community development	(147,213)				(147,213)		(147,213)
Cemetery	(17,018)	15,000			(2,018)		(2,018)
Streetlights	(22,536)				(22,536)		(22,536)
Interest on long-term debt	(13,109)				(13,109)		(13,109)
Total governmental activities	(1,388,308)	172,748	156,603		(1,058,957)		(1,058,957)
Business-type activities							
Sewer system	(420,147)	312,321		7,004		(100,822)	(100,822)
Water system	(273,720)	193,619		7,000		(73,101)	(73,101)
Total business-type activities	(693,867)	505,940		14,004		(173,923)	(173,923)
Total	\$ (2,082,175)	\$ 678,688	\$ 156,603	\$ 14,004	(1,058,957)	(173,923)	(1,232,880)
General revenues							
Property taxes					888,082		888,082
State shared revenues					161,546		161,546
Interest income					70,635	216,390	287,025
Rental income					40,755		40,755
Other income					33,489		33,489
Cable franchise fees					11,334	22,259	33,593
Total general revenues					1,205,841	238,649	1,444,490
Changes in net assets					146,884	64,726	211,610
Net assets, July 1, 2006					1,367,860	9,496,508	10,864,368
Net assets, June 30, 2007					\$ 1,514,744	\$ 9,561,234	\$ 11,075,978

The notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

FUND
FINANCIAL STATEMENTS

VILLAGE OF PINCKNEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Other Non-major Funds	Totals
<u>ASSETS</u>						
ASSETS						
Cash and cash equivalents	\$ 600,106	\$ 149,585	\$ 66,799	\$ 98,644	\$ 306,408	\$ 1,221,542
Receivables						
Taxes	2,255			2,255		4,510
Accounts - other	55,196	117	157	654	344	56,468
Roads - state		14,936	6,694			21,630
Federal grant receivable		6,260	6,260			12,520
State shared revenues	28,582					28,582
Due from other funds	31,624					31,624
Prepaid expenditures	35,304	979	1,219		504	38,006
Total assets	<u>\$ 753,067</u>	<u>\$ 171,877</u>	<u>\$ 81,129</u>	<u>\$ 101,553</u>	<u>\$ 307,256</u>	<u>\$ 1,414,882</u>
<u>LIABILITIES AND FUND BALANCE</u>						
LIABILITIES						
Accounts payable	\$ 31,606	\$ 45,514	\$ 4	\$ 623	\$ 6,658	\$ 84,405
Accrued interest payable					3,246	3,246
Accrued payroll and compensated absences	49,457					49,457
Due to other funds					9,656	9,656
Total liabilities	<u>81,063</u>	<u>45,514</u>	<u>4</u>	<u>623</u>	<u>19,560</u>	<u>146,764</u>
FUND BALANCE						
Unreserved	672,004	126,363	81,125	100,930	287,696	1,268,118
Total liabilities and fund balance	<u>\$ 753,067</u>	<u>\$ 171,877</u>	<u>\$ 81,129</u>	<u>\$ 101,553</u>	<u>\$ 307,256</u>	<u>\$ 1,414,882</u>

The notes are an integral part of the financial statements.

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Certified Public Accountants

VILLAGE OF PINCKNEY
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2007

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,268,118
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 1,041,099	
Depreciation	<u>(439,339)</u>	
Capital assets net of depreciation		601,760
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Contracts payable	(15,134)	
Bonds payable	<u>(340,000)</u>	
Total		<u>(355,134)</u>
Net assets of governmental activities		<u><u>\$ 1,514,744</u></u>

The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Major Street Fund	Local Street Fund	General Highway Fund	Other Non-major Funds	Totals
REVENUES						
Taxes	\$ 625,710	\$	\$	\$ 156,428	\$ 105,944	\$ 888,082
State shared revenues	161,546					161,546
Intergovernmental - state		102,940	52,739		924	156,603
Licenses and permits	6,985					6,985
Rental income	40,755					40,755
Charges for services	132,430			15,136	15,000	162,566
Cable fees	11,334					11,334
Interest	39,499	6,544	2,297	6,794	15,501	70,635
Fines and forfeitures	3,197					3,197
Miscellaneous	13,928	92	8,644		10,825	33,489
Total revenues	<u>1,035,384</u>	<u>109,576</u>	<u>63,680</u>	<u>178,358</u>	<u>148,194</u>	<u>1,535,192</u>
EXPENDITURES						
General government	254,626					254,626
Public works	111,665					111,665
Refuse	122,615					122,615
Police protection	339,398				412	339,810
Community development	59,090			14,773	101,459	175,322
Cemetery					15,688	15,688
Road improvements		116,124	200,807	10,652		327,583
Streetlights	22,536					22,536
Total expenditures	<u>909,930</u>	<u>116,124</u>	<u>200,807</u>	<u>25,425</u>	<u>117,559</u>	<u>1,369,845</u>
Excess of revenues over (under) expenditures	<u>125,454</u>	<u>(6,548)</u>	<u>(137,127)</u>	<u>152,933</u>	<u>30,635</u>	<u>165,347</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		20,000	125,000		5,474	150,474
Transfers (out)	<u>(5,474)</u>			<u>(145,000)</u>		<u>(150,474)</u>
Total other financing sources (uses)	<u>(5,474)</u>	<u>20,000</u>	<u>125,000</u>	<u>(145,000)</u>	<u>5,474</u>	
Net changes in fund balances	119,980	13,452	(12,127)	7,933	36,109	165,347
FUND BALANCE, JULY 1, 2006	<u>552,024</u>	<u>112,911</u>	<u>93,252</u>	<u>92,997</u>	<u>251,587</u>	<u>1,102,771</u>
FUND BALANCE, JUNE 30, 2007	<u>\$ 672,004</u>	<u>\$ 126,363</u>	<u>\$ 81,125</u>	<u>\$ 100,930</u>	<u>\$ 287,696</u>	<u>\$ 1,268,118</u>

The notes are an integral part of the financial statements.

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VILLAGE OF PINCKNEY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the Statement
of Activities are different because:

Net change in fund balances - governmental funds	\$ 165,347
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Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities the cost of those
assets are allocated over their useful lives as depreciation
expense. The amount by which capital outlays exceeded
depreciation is as follows:

Capital outlay	\$ 6,200	
Depreciation expense	<u>(46,374)</u>	
Total		(40,174)

Repayment of bond and contracts payable is an expenditure
in the governmental funds, but the repayment reduces long-term
liabilities in the Statement of Net Assets.

Repayment of:		
Bonds payable	15,000	
Contracts payable	<u>6,711</u>	
Total		<u>21,711</u>

Change in net assets of governmental activities	<u>\$ 146,884</u>
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The notes are an integral part of the financial statements.

VILLAGE OF PINCKNEY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Sewage Disposal System Fund	Village Water Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 444,161	\$ 557,107	\$ 1,001,268
Special assessment receivable	239,955	148,698	388,653
Accounts receivable	131,834	87,736	219,570
Due from other funds	563	43	606
Prepaid expenses	3,137	2,859	5,996
Inventory	1,200	1,200	1,200
Total current assets	819,650	797,643	1,617,293
RESTRICTED ASSETS			
Cash and cash equivalents	941,318	1,382,602	2,323,920
CAPITAL ASSETS			
Land	49,682		49,682
Water and sewer systems	5,866,698	4,106,643	9,973,341
Net	5,916,380	4,106,643	10,023,023
Less accumulated depreciation	(2,131,496)	(1,448,071)	(3,579,567)
Capital assets, net	3,784,884	2,658,572	6,443,456
Total assets	5,545,852	4,838,817	10,384,669
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	34,281	3,595	37,876
Accrued interest payable	6,225	3,900	10,125
Due to other funds	17	417	434
Bonds payable - current portion	30,000	20,000	50,000
Total current liabilities	70,523	27,912	98,435
LONG-TERM LIABILITIES			
Bonds payable - less current portion	485,000	240,000	725,000
Total liabilities	555,523	267,912	823,435
NET ASSETS			
Invested in capital assets, net of related debt	3,269,884	2,398,572	5,668,456
Unrestricted	1,720,445	2,172,333	3,892,778
Total net assets	\$ 4,990,329	\$ 4,570,905	\$ 9,561,234

The notes are an integral part of the financial statements.

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VILLAGE OF PINCKNEY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Sewage Disposal System	Water Fund Village	Totals
OPERATING REVENUES			
Charges for services	\$ 312,321	\$ 193,619	\$ 505,940
OPERATING EXPENSES	394,366	257,235	651,601
Operating (loss)	(82,045)	(63,616)	(145,661)
NON-OPERATING REVENUES AND (EXPENSES)			
Interest income	103,616	112,774	216,390
Interest (expense)	(25,781)	(16,485)	(42,266)
Other	13,959	8,300	22,259
Total non-operating revenues	91,794	104,589	196,383
Income before capital contributions special items	9,749	40,973	50,722
CAPITAL CONTRIBUTIONS			
Connection fees	7,004	7,000	14,004
Net income	16,753	47,973	64,726
NET ASSETS JULY 1, 2006	4,973,576	4,522,932	9,496,508
NET ASSETS JUNE 30, 2007	<u>\$ 4,990,329</u>	<u>\$ 4,570,905</u>	<u>\$ 9,561,234</u>

The notes are an integral part of the financial statements.

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VILLAGE OF PINCKNEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Sewage Disposal System	Water Fund Village	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Cash received from users	\$ 314,454	\$ 176,814	\$ 491,268
Cash payments to suppliers	(289,668)	(141,706)	(431,374)
Cash paid for interfund transactions	(865)	1,997	1,132
Net cash from operating activities	<u>23,921</u>	<u>37,105</u>	<u>61,026</u>
CASH FLOWS FROM (USED IN) CAPITAL AND OPERATING RELATED FINANCING ACTIVITIES			
Connection fees received	7,004	7,000	14,004
Purchase of fixed assets	(505,053)	(20,780)	(525,833)
Proceeds from sale of fixed assets	6,500		6,500
Special assessments collected	40,102	29,910	70,012
Repayment of bond principal	(25,000)	(20,000)	(45,000)
Interest paid on bonds	(25,781)	(16,885)	(42,666)
Net cash from (used in) capital and related financing activities	<u>(502,228)</u>	<u>(20,755)</u>	<u>(522,983)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and investments	<u>87,696</u>	<u>100,922</u>	<u>188,618</u>
Net increase (decrease) in cash and cash equivalents	(390,611)	117,272	(273,339)
CASH AND CASH EQUIVALENTS AT JULY 1, 2006	<u>1,776,090</u>	<u>1,822,437</u>	<u>3,598,527</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2007	<u><u>\$ 1,385,479</u></u>	<u><u>\$ 1,939,709</u></u>	<u><u>\$ 3,325,188</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ (82,045)</u>	<u>\$ (63,616)</u>	<u>\$ (145,661)</u>
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Miscellaneous income/expenses	9,334	8,700	18,034
Depreciation	149,149	110,214	259,363
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	2,133	(16,805)	(14,672)
(Increase) decrease in prepaid expenses	906	593	1,499
(Increase) decrease in due from other funds	(57)	3,355	3,298
Increase (decrease) in accounts payable	(54,691)	(3,978)	(58,669)
Increase (decrease) in due from other funds	(808)	(1,358)	(2,166)
Total adjustments	<u>105,966</u>	<u>100,721</u>	<u>206,687</u>
Net cash from operating activities	<u><u>\$ 23,921</u></u>	<u><u>\$ 37,105</u></u>	<u><u>\$ 61,026</u></u>

The notes are an integral part of the financial statements.

		Current Tax Collection	Trust and Agency	Total
<u>ASSETS</u>				
ASSETS	Cash	\$	\$ 50,694	\$ 50,694
<u>LIABILITIES</u>				
LIABILITIES	Due to others	\$	\$ 28,554	\$ 28,554
	Due to other funds		22,140	22,140
	Total liabilities	\$	\$ 50,694	\$ 50,694

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NOTES
TO
FINANCIAL
STATEMENTS

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Village relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Village are described below.

A. FINANCIAL REPORTING ENTITY

The Village of Pinckney was incorporated in 1895 as a general law Village, under the provision of Public Act 3 of 1895. The Village operates under a council form of government and provides the following services as authorized by its charter; public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administration services.

In accordance with the GASB Statement 39, all funds, agencies and activities of the Village of Pinckney have been included in the financial statements.

B. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Village as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Village (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Village would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Village are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements. The Village has only included the minimum amount of funds meeting the criteria as a major fund.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for all the activity associated with maintaining the Village's major streets. Revenues from this fund are generally derived by State of Michigan reimbursements and transfers within the Village.

The Local Street Fund accounts for all the activity associated with maintaining the Village's local streets. Revenues from this fund are generally derived by State of Michigan reimbursements and transfers within the Village.

The General Highway Fund accounts for the property taxes and subsequent transfer of funds to maintain the streets of the Village.

The Village reports the following major enterprise funds:

The Sewage Disposal Fund accounts for all the activity associated with the operations and maintenance of operating a sewage treatment system.

The Village Water Fund accounts for all the activity associated with the operations and maintenance of operating a water distribution system.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Village's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

Enterprise funds account for operations where the intent of the Village is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Village to establish activity fees or charges to recover the cost of providing services, including capital costs.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

Fiduciary funds account for assets held by the Village in a trustee or agency capacity on behalf of others and, therefore, are not available to support Village programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Village available to support Village programs. The Village currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

D. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Village) are defined as assets with an initial, individual cost of more than \$5,000) and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property is considered capital assets regardless of initial cost, but is not depreciated.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 75 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

The Village does not depreciate public domain infrastructure. Amounts are recorded as expenditures as resources are used for construction and maintenance. Historical cost and fair market value of infrastructure is not available.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY DATA

The Village council follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The budget committee prepares the annual budgets. The proposed budget is then submitted for discussion and approved by the entire Village council. The budget is approved by activity rather than line item. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Village council at any of their regular meetings. Budget appropriations made, but not expended by year end, will lapse with the fiscal year end.

For the year ended June 30, 2007, expenditures exceeded appropriations in several functional activities.

F. PROPERTY TAXES

Village taxes are levied each July 1 and are payable without penalty through September 14. Property tax revenues are recognized as revenue in the fiscal year levied to the extent that they are measurable and available. The delinquent real property taxes of the Village of Pinckney are purchased by Livingston County. The county paid the Village the delinquent real taxes in October 2006.

The 2006 taxable valuation of the Village totaled \$ 78,221,630.

The Village levies the following millage:

General Village	8.0000
General Highway	<u>2.0000</u>
Total millage	<u>10.0000</u>

The DDA receives property taxes deducted from member municipality tax collections.

G. MANAGEMENT'S ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. CASH EQUIVALENTS

For purposes of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

I. RISK MANAGEMENT

The Village is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

J. ACCRUED COMPENSATED ABSENCES

It is the Village's personnel practice to grant personal and vacation time according to years of service. Employees are allowed to accrue sick pay from year to year up to 90 days. Vacation days must be used in the year they are earned and do not carryover year to year. The Village has accrued the following amount in the general fund as of June 30, 2007.

Accrued personal and vacation time	<u>\$ 49,457</u>
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K. INVENTORIES AND PREPAID ITEMS

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

L. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

M. INCOME TAXES

As a governmental agency, the Village is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Village to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Village maintains an imprest petty cash account in the amount of \$300.

The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Village's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Village's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 500,000	\$	\$ 500,000	\$ 500,000
Uninsured and uncollateralized	<u>4,046,430</u>	<u>50,694</u>	<u>4,097,124</u>	<u>4,150,118</u>
Total deposits	<u>\$ 4,546,430</u>	<u>\$ 50,694</u>	<u>\$ 4,597,124</u>	<u>\$ 4,650,118</u>

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables exist at June 30, 2007. These represent short-term borrowings and amounts owed for reimbursements between other funds. The total interfund receivable and payable balance at June 30, 2007 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General Fund	\$ 22,140	Trust and Agency Fund	\$ 22,140
General Fund	9,050	Downtown Development Authority Fund	9,050
General Fund	417	Water Fund - Village	417
General Fund	17	Sewer Disposal System Fund	17
Sewer Disposal System Fund	563	Cemetery Fund	563
Water Fund - Village	43	Cemetery Fund	43
	<u>\$ 32,230</u>		<u>\$ 32,230</u>

NOTE 4 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The Village also records all proceeds from the issuance of debt instruments as other financing sources in the fund financial statements. The total transfers in and out balances as of June 30, 2007 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
Major Street	\$ 20,000		\$
Local Street	125,000	General Highway Fund	145,000
Local Improvement	5,474	General Fund	5,474
	<u>\$ 150,474</u>		<u>\$ 150,474</u>

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - PENSION PLAN

Plan Description - The Village of Pinckney participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer, state-wide, defined benefit public employee retirement plan created under Public Act 135 of 1945 and now operates under Public Act 220 of 1996. MERS was established by the State of Michigan for purposes of providing retirement, survivor and disability benefits on a voluntary basis to the State's local government employees. Under Public Act 220, MERS became an independent public non-profit corporation independent from State government. The effective date of independence was August 15, 1996, at which time MERS ceased to be a part of the State of Michigan, Department of Management and Budget. The Village has no fiduciary responsibility for the plan. All full-time employees of the Village are eligible to participate in the plan immediately upon employment.

As of June 30, 2007, the Village had nine covered employees and twenty-two total employees. Covered and total payrolls for the year then ended were \$385,339 and \$502,555 respectively.

The Village is covered under benefit program B-4. The plan provides for vesting of benefits after ten years of service. Participants may elect normal retirement at age 60, with 10 or more years of service. The plan also provides for early retirement at age 55, with 25 or more years of service.

Employees contribute 4% of all wages per calendar year under program B-2.

The Village currently has one retirant beneficiary in the plan.

The following information, which is the most current available, was extracted from the Village's actuarial consultants, Gabriel, Roeder, Smith & Company in their report released in June 12, 2007. The amount disclosed as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of December 31, 2006. Significant actuarial assumptions used in determining the pension benefit obligation include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually) after retirement.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - PENSION PLAN – (continued)

At January 1, 2007, the unfunded pension benefit obligation was \$272,647, determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$ 411,853
Terminated employees not yet receiving benefits	16,402
Non-vested terminated employees	9,902
Current employees	
Accumulated employee contribution, including allocated investment income	199,859
Employer financed	<u>947,706</u>
Total pension benefit obligation	1,585,722
Net assets available for benefits, at cost (at market \$1,331,444)	<u>1,313,075</u>
Unfunded pension benefit obligation	<u><u>\$ 272,647</u></u>

GASB 27 Information (as of December 31, 2006)

Fiscal year beginning July 1, 2007	
Annual required contribution	47,364
Amortization factor used-underfunded liabilities	.054719

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 5 - PENSION PLAN - (continued)

During the year ended December 31, 2006, the plan experienced a net change of (\$28,500) in the unfunded pension benefit obligation.

Analysis of Funding Progress

<u>Valuation Date December 31</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation (PBO)</u>	<u>Percent Funded (1)/(2)</u>	<u>Unfunded (Overfunded) PBO (2)-(1)</u>	<u>Annual Covered Payroll</u>
1982	35,338	26,933	131	(8,405)	55,291
1983	40,201	20,988	192	(19,213)	37,525
1984	52,737	20,233	261	(32,504)	68,923
1985	62,253	26,282	237	(35,971)	67,635
1986	75,724	33,891	223	(41,833)	84,523
1987	92,452	41,748	221	(50,704)	107,091
1988	103,656	50,179	207	(53,477)	101,104
1989	120,226	96,917	124	(23,309)	124,464
1990	138,484	123,901	112	(14,583)	149,722
1991	160,975	161,534	100	559	172,553
1992	186,149	186,180	100	31	176,179
1993	213,674	234,878	91	21,204	186,491
1994	243,112	266,050	91	22,938	198,669
1995	281,565	265,839	106	(15,726)	177,094
1996	348,411	368,926	94	20,515	274,607
1997	406,335	453,796	90	47,461	274,028
1998	478,647	453,158	106	(25,489)	385,030
1999	581,602	598,108	97	16,506	387,232
2000	658,487	783,133	84	124,646	385,905
2001	748,977	1,062,664	70	313,687	390,220
2002	828,295	1,090,530	76	262,235	395,617
2003	959,169	1,220,444	79	261,275	392,617
2004	1,078,170	1,349,612	80	271,442	405,062
2005	1,193,290	1,494,437	80	301,147	387,000
2006	1,313,075	1,585,722	83	272,647	385,899

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - LONG-TERM OBLIGATIONS

The Village's long-term obligations as of June 30, 2007, and transactions during the year then ended, are as follows:

Governmental Funds

- On September 1, 2004, the Village issued \$370,000 of general obligation bonds for the Downtown Development Authority. The bonds mature in October 2019 and require an annual payment of principal and interest. As of June 30, 2007, the outstanding balance was \$340,000 with an interest rate ranging for 3% to 5%.
- The Village entered into a capital lease with Government Leasing Company to finance the purchase of a police car. The lease calls for annual payment of \$8,518 with an imputed interest rate of 8.27% included with annual payment. The note matures during the year ended June 30, 2009 with a balance of \$15,134 on June 30, 2007.

Proprietary Funds

- On April 1, 1999, the Village issued general obligation bonds to finance sewage treatment system. The bonds mature in April 2019 and require an annual payment of principal and interest. As of June 30, 2007, the outstanding balance was \$515,000 with an interest rate ranging from 4.8% to 5%.
- On October 1, 1997, the Village issued general obligation bonds to finance the cost of the water system at Portage Dells. The bonds mature in April 2017 and require an annual payment of principal and interest. As of June 30, 2007, the outstanding balance was \$260,000 with an interest rate ranging from 5.95% to 6%.

<u>Governmental Funds</u>	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007
Bonds payable	\$ 355,000	\$	\$ 15,000	\$ 340,000
Governmental Leasing Company	21,845		6,711	15,134
Total governmental fund long-term debt	<u>\$ 376,845</u>	<u>\$</u>	<u>\$ 21,711</u>	<u>\$ 355,134</u>

Enterprise Funds

1997 Portage Dells Special Assessment Limited Tax bonds interest is charges at 6%	\$ 280,000	\$	\$ 20,000	\$ 260,000
1998 Sewer Special Assessment limited tax bonds, interest is charged at 4.8% to 5.0%	540,000		25,000	515,000
Total enterprise fund	<u>\$ 820,000</u>	<u>\$</u>	<u>\$ 45,000</u>	<u>\$ 775,000</u>

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - LONG-TERM OBLIGATIONS - (continued)

The following is a schedule of principal and interest payments to service the long-term obligations of the Village:

	Bonds Payable 2004 Downtown Development		Capital Lease Police Car		Bonds Payable 1997 Water		Bonds Payable 1997 Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007 - 2008	\$ 15,000	\$ 12,735	\$ 7,266	\$ 1,252	\$ 20,000	\$ 15,600	\$ 30,000	\$ 24,900
2008 - 2009	20,000	12,188	7,868	650	20,000	14,400	30,000	23,490
2009 - 2010	20,000	11,588			20,000	13,200	35,000	22,080
2010 - 2011	20,000	10,973			25,000	12,000	35,000	20,435
2011 - 2012	20,000	10,318			25,000	10,500	35,000	18,790
2012 - 2017	135,000	37,704			150,000	28,200	235,000	64,910
2017 - 2020	110,000	7,393					115,000	8,750
Total	<u>\$ 340,000</u>	<u>\$ 102,899</u>	<u>\$ 15,134</u>	<u>\$ 1,902</u>	<u>\$ 260,000</u>	<u>\$ 93,900</u>	<u>\$ 515,000</u>	<u>\$ 183,355</u>

NOTE 7 - GOVERNMENTAL FUND CAPITAL ASSETS

Capital asset activity for the governmental fund for the year ended June 30, 2007 was as follows:

A summary of changes in governmental fund capital assets is as follows:

	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007
Land	\$ 35,805	\$	\$	\$ 35,805
Building and improvements	591,582			591,582
Machinery and equipment	407,512	6,200		413,712
Total capital assets	1,034,899	6,200		1,041,099
Accumulated depreciation	(392,965)	(46,374)		(439,339)
Governmental activities capital assets, net	<u>\$ 641,934</u>	<u>\$ (40,174)</u>	<u>\$</u>	<u>\$ 601,760</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Village utilizes the straight line method to depreciate capital assets over their estimated useful lives. There is \$355,134 of debt associated with these capital assets.

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 7 - GOVERNMENTAL FUND CAPITAL ASSETS - (continued)

Depreciation expense was allocated to the following activities:

General government	\$ 13,331
Public works	23,953
Police protection	7,760
Cemetery	1,330
	<u>46,374</u>
	<u>\$ 46,374</u>

NOTE 8 - CHANGES IN PROPRIETARY CAPITAL ASSETS

A summary of changes in proprietary fixed assets is as follows:

	Balance 7/1/2006	Additions	Deletions	Balance 6/30/2007
Land	\$ 49,682	\$	\$	\$ 49,682
Property, plant and equipment - sewer	5,319,710	42,572	(13,128)	5,349,154
Property, plant and equipment - water	4,085,863			4,085,863
Construction in progress	55,063	483,261		538,324
	<u>9,510,318</u>	<u>525,833</u>	<u>(13,128)</u>	<u>10,023,023</u>
Total capital assets	9,510,318	525,833	(13,128)	10,023,023
Less accumulated depreciation	(3,331,455)	(259,363)	11,251	(3,579,567)
	<u>(3,331,455)</u>	<u>(259,363)</u>	<u>11,251</u>	<u>(3,579,567)</u>
Net book value	<u>\$ 6,178,863</u>	<u>\$ 266,470</u>	<u>\$ (1,877)</u>	<u>\$ 6,443,456</u>

NOTE 9 - STATEMENT OF CASH FLOWS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The indirect method was utilized to present cash flows from operations. The following is a schedule of beginning and ending cash and cash equivalents:

	<u>June 30, 2006</u>	<u>June 30, 2007</u>
Current assets		
Cash	\$ 951,935	\$ 1,001,268
Restricted assets		
Cash	<u>2,646,592</u>	<u>2,323,920</u>
Total cash	<u>\$ 3,598,527</u>	<u>\$ 3,325,188</u>

VILLAGE OF PINCKNEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Village maintains two enterprise funds, which provide water and sewer services. Segment information for the year ended June 30, 2007, was as follows:

	Sewage Disposal System Fund	Water Fund Village
Operating revenues	\$ 312,321	\$ 193,619
Depreciation	149,149	110,214
Operating income (loss)	(82,045)	(63,616)
Non-operating revenues	91,794	104,589
Net income	16,753	47,973
Total assets	5,545,852	4,838,817
Accounts payable	34,281	3,595
Net assets	4,990,329	4,570,905

NOTE 11 - POST EMPLOYMENT BENEFITS

The Village approved a resolution to offer all eligible full-time employees medical insurance. To be eligible one must complete twenty-five (25) years of service and have obtained the age of fifty-five (55). The Village will contribute fifty percent (50%) of the premium until the retiree reaches the age of sixty-five (65) or becomes eligible for Medicare. As of the year ended June 30, 2007 there were no individuals receiving these benefits. There is one individual that may qualify to receive these benefits, but isn't expected to collect until September, 2008.

There were no expenditures made on behalf of the individuals eligible for post employment benefits for the fiscal year ending June 30, 2007. The Village is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations

The Governmental Accounting Standards Board has released Statement Number 45, Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

NOTE 12 - FEDERAL GRANT ACTIVITIES

The Village has been a recipient of several federal grant funds for major streets and local street activities. These funds are subject to federal grant audit requirement.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 625,710	\$
State shared revenues			161,546	
Refuse collection			130,257	
Tower rental			40,755	
Interest			39,499	
Refunds and reimbursements			6,727	
Cable TV			11,334	
District and local court fines			3,197	
Liquor fees			2,173	
Zoning permits			4,555	
Site plan permits			2,430	
Miscellaneous			7,201	
Total revenues	996,700	996,700	1,035,384	38,684
EXPENDITURES	1,002,201	988,572	909,930	78,642
Excess of revenues over (under) expenditures	(5,501)	8,128	125,454	117,326
OTHER FINANCING SOURCES				
Transfers (out)	(6,500)	(6,500)	(5,474)	1,026
Net change in fund balance	(12,001)	1,628	119,980	118,352
FUND BALANCE, JULY 1, 2006	552,024	552,024	552,024	
FUND BALANCE, JUNE 30, 2007	\$ 540,023	\$ 553,652	\$ 672,004	\$ 118,352

VILLAGE OF PINCKNEY
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Michigan Vehicle Highway Fund	\$	\$	\$ 90,967	\$
Grant revenue			11,973	
Interest income			6,544	
Other income			92	
Total revenues	86,500	102,470	109,576	7,106
EXPENDITURES				
Contracted construction			94,397	
Labor usage costs			10,433	
Equipment usage costs			3,721	
Insurance			961	
Licenses and permits			500	
Wages			250	
Payroll taxes			19	
Printing and publishing			16	
Legal			195	
Repairs and maintenance			5,515	
Miscellaneous			117	
Total expenditures	92,769	112,769	116,124	(3,355)
Excess of revenues over (under) expenditures	(6,269)	(10,299)	(6,548)	3,751
OTHER FINANCING SOURCES				
Transfers in	20,000	20,000	20,000	
Net change in fund balance	13,731	9,701	13,452	3,751
FUND BALANCE, JULY 1, 2006	112,911	112,911	112,911	
FUND BALANCE, JUNE 30, 2007	\$ 126,642	\$ 122,612	\$ 126,363	\$ 3,751

VILLAGE OF PINCKNEY
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Michigan Vehicle Highway Fund	\$	\$	\$ 40,766	\$
State grant			11,973	
Interest			2,297	
Refunds and reimbursements			8,644	
Total revenues	36,000	57,570	63,680	6,110
EXPENDITURES				
Contracted construction			166,998	
Engineering fees			3,800	
Labor usage costs			13,411	
Equipment usage costs			7,107	
Insurance			1,409	
Licenses and permits			500	
Repairs and maintenance			7,009	
Wages			250	
Miscellaneous			304	
Payroll taxes			19	
Total expenditures	177,269	202,269	200,807	1,462
Excess of revenues over (under) expenditures	(141,269)	(144,699)	(137,127)	7,572
OTHER FINANCING SOURCES				
Transfers in	150,000	125,000	125,000	
Net change in fund balance	8,731	(19,699)	(12,127)	7,572
FUND BALANCE, JULY 1, 2006	93,252	93,252	93,252	
FUND BALANCE, JUNE 30, 2007	\$ 101,983	\$ 73,553	\$ 81,125	\$ 7,572

VILLAGE OF PINCKNEY
GENERAL HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$	\$	\$ 156,428	\$
Interest			6,794	
Right of way fees			12,123	
Permits and fees			3,013	
Total revenues	156,300	170,375	178,358	7,983
EXPENDITURES				
Sidewalk reimbursement			2,094	
Downtown Development Authority			14,773	
Sidewalk Utilities			7,782	
Labor and equipment usage			640	
Printing and publishing			136	
Total expenditures	21,660	25,453	25,425	28
Excess of revenues over (under) expenditures	134,640	144,922	152,933	8,011
OTHER FINANCING SOURCES				
Transfers (out)	(170,000)	(145,000)	(145,000)	
Net change in fund balance	(35,360)	(78)	7,933	8,011
FUND BALANCE, JULY 1, 2006	92,997	92,997	92,997	
FUND BALANCE, JUNE 30, 2007	\$ 57,637	\$ 92,919	\$ 100,930	\$ 8,011

VILLAGE OF PINCKNEY
SCHEDULES OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2007

In accordance with the Governmental Accounting Standards Board Statements No. 25 and 27, the following information is a required part of the basic financial statements.

Analysis of Funding Progress

<u>Valuation Date December 31</u>	<u>Net Assets Available for Benefits</u>	<u>Pension Benefit Obligation (PBO)</u>	<u>Percent Funded (1)/(2)</u>	<u>Unfunded (Overfunded) PBO (2)-(1)</u>	<u>Annual Covered Payroll</u>
1982	\$ 35,338	\$ 26,933	131%	\$ (8,405)	\$ 55,291
1983	40,201	20,988	192	(19,213)	37,525
1984	52,737	20,233	261	(32,504)	68,923
1985	62,253	26,282	237	(35,971)	67,635
1986	75,724	33,891	223	(41,833)	84,523
1987	92,452	41,748	221	(50,704)	107,091
1988	103,656	50,179	207	(53,477)	101,104
1989	120,226	96,917	124	(23,309)	124,464
1990	138,484	123,901	112	(14,583)	149,722
1991	160,975	161,534	100	559	172,553
1992	186,149	186,180	100	31	176,179
1993	213,674	234,878	91	21,204	186,491
1994	243,112	266,050	91	22,938	198,669
1995	281,565	265,839	106	(15,726)	177,094
1996	348,411	368,926	94	20,515	274,607
1997	406,335	453,796	90	47,461	274,028
1998	478,647	453,158	106	(25,489)	385,030
1999	581,602	598,108	97	16,506	387,232
2000	658,487	783,133	84	124,646	385,905
2001	748,977	1,062,664	70	313,687	390,220
2002	828,295	1,090,530	76	262,235	395,617
2003	959,169	1,220,444	79	261,275	392,617
2004	1,078,170	1,349,612	80	271,442	405,062
2005	1,193,290	1,494,437	80	301,147	387,000
2006	1,313,075	1,585,722	83	272,647	385,899

SUPPLEMENTARY INFORMATION

COMBINING
FINANCIAL
STATEMENTS

VILLAGE OF PINCKNEY
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2007

	Major Street Fund	Local Street Fund	General Highway Fund	Downtown Development Authority Fund	Cemetery Fund	Police Training Fund	Drug Law Enforcement Fund	Police Reserves Fund	Local Improvement Fund	Totals
<u>ASSETS</u>										
ASSETS										
Cash and cash equivalents	\$ 149,585	\$ 66,799	\$ 98,644	\$ 177,379	\$ 66,754	\$ 1,902	\$ 1,242	\$ 1,564	\$ 57,567	\$ 621,436
Accounts receivable - other	117	157	654	245	16				83	1,272
Property taxes receivable			2,255							2,255
M.V.H.V. receivable	14,936	6,694								21,630
Federal grant receivable	6,260	6,260								12,520
Prepaid expenditures	979	1,219		37	467					2,702
Total assets	<u>\$ 171,877</u>	<u>\$ 81,129</u>	<u>\$ 101,553</u>	<u>\$ 177,661</u>	<u>\$ 67,237</u>	<u>\$ 1,902</u>	<u>\$ 1,242</u>	<u>\$ 1,564</u>	<u>\$ 57,650</u>	<u>\$ 661,815</u>
<u>LIABILITIES AND FUND BALANCE</u>										
LIABILITIES										
Accounts payable	\$ 45,514	\$ 4	\$ 623	\$ 5,618	\$ 1,040	\$	\$	\$	\$	\$ 52,799
Accrued interest payable				3,246						3,246
Due to other funds				9,050	606					9,656
Total liabilities	<u>45,514</u>	<u>4</u>	<u>623</u>	<u>17,914</u>	<u>1,646</u>					<u>65,701</u>
FUND BALANCE	<u>126,363</u>	<u>81,125</u>	<u>100,930</u>	<u>159,747</u>	<u>65,591</u>	<u>1,902</u>	<u>1,242</u>	<u>1,564</u>	<u>57,650</u>	<u>596,114</u>
Total liabilities and fund balance	<u>\$ 171,877</u>	<u>\$ 81,129</u>	<u>\$ 101,553</u>	<u>\$ 177,661</u>	<u>\$ 67,237</u>	<u>\$ 1,902</u>	<u>\$ 1,242</u>	<u>\$ 1,564</u>	<u>\$ 57,650</u>	<u>\$ 661,815</u>

VILLAGE OF PINCKNEY
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 2007

	Sewage Disposal System Fund	Water Fund Village Fund	Totals
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	\$ 444,161	\$ 557,107	\$ 1,001,268
Accounts receivable - billings	129,421	74,806	204,227
Accounts receivable - other	2,413	12,930	15,343
Prepaid expenses	3,137	2,859	5,996
Special assessment receivable	239,955	148,698	388,653
Inventory		1,200	1,200
Due from other funds	563	43	606
	<u>819,650</u>	<u>797,643</u>	<u>1,617,293</u>
Total current assets			
RESTRICTED ASSETS			
Cash - bond and interest redemption		184,623	184,623
Cash - special assessments	330,148		330,148
Cash - capital replacement	611,170	834,400	1,445,570
Cash - construction		363,579	363,579
	<u>941,318</u>	<u>1,382,602</u>	<u>2,323,920</u>
Total restricted assets			
PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	5,916,380	4,106,643	10,023,023
Less: accumulated depreciation	<u>(2,131,496)</u>	<u>(1,448,071)</u>	<u>(3,579,567)</u>
	<u>3,784,884</u>	<u>2,658,572</u>	<u>6,443,456</u>
Net property, plant and equipment			
	<u>3,784,884</u>	<u>2,658,572</u>	<u>6,443,456</u>
Total assets	<u>\$ 5,545,852</u>	<u>\$ 4,838,817</u>	<u>\$ 10,384,669</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 34,281	\$ 3,595	\$ 37,876
Accrued interest payable	6,225	3,900	10,125
Bonds payable		260,000	260,000
Bonds payable from restricted assets	515,000		515,000
Due to other funds	17	417	434
	<u>555,523</u>	<u>267,912</u>	<u>823,435</u>
Total liabilities			
	<u>555,523</u>	<u>267,912</u>	<u>823,435</u>
FUND EQUITY			
	<u>4,990,329</u>	<u>4,570,905</u>	<u>9,561,234</u>
Total liabilities and fund equity	<u>\$ 5,545,852</u>	<u>\$ 4,838,817</u>	<u>\$ 10,384,669</u>

VILLAGE OF PINCKNEY
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2007

	Current Tax Collection Fund	Trust and Agency Fund	Totals
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$	\$ 50,694	\$ 50,694
<u>LIABILITIES</u>			
LIABILITIES			
Due to others	\$	28,554	\$ 28,554
Due to other funds		22,140	22,140
Total liabilities	\$	\$ 50,694	\$ 50,694

VILLAGE OF PINCKNEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Major Street Fund	Local Street Fund	General Highway Fund	Downtown Development Authority Fund	Cemetery Fund	Police Training Fund	Drug Law Enforcement Fund	Police Reserves Fund	Local Improvement Fund	Totals
REVENUES										
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental - state and local	102,940	52,739	156,428	105,944		924				262,372
Fees			15,136		15,000					156,603
Interest	6,544	2,297	6,794	9,467	3,200	56	42	38	2,698	30,136
Miscellaneous	92	8,644		10,256	49		20	500		31,136
										19,561
Total revenues	109,576	63,680	178,358	125,667	18,249	980	62	538	2,698	499,808
EXPENDITURES										
Community development			14,773	101,459						116,232
Cemetery					15,688					15,688
Highways and streets	116,124	200,807	10,652							327,583
Law enforcement						361		51		412
Total expenditures	116,124	200,807	25,425	101,459	15,688	361		51		459,915
Excess of revenues over (under) expenditures	(6,548)	(137,127)	152,933	24,208	2,561	619	62	487	2,698	39,893
OTHER FINANCING SOURCES										
Transfers in	20,000	125,000							5,474	150,474
Transfers out			(145,000)							(145,000)
Total other financing sources (uses)	20,000	125,000	(145,000)						5,474	5,474
Net changes in fund balances	13,452	(12,127)	7,933	24,208	2,561	619	62	487	8,172	45,367
FUND BALANCE, JULY 1, 2006	112,911	93,252	92,997	135,539	63,030	1,283	1,180	1,077	49,478	550,747
FUND BALANCE, JUNE 30, 2007	\$ 126,363	\$ 81,125	\$ 100,930	\$ 159,747	\$ 65,591	\$ 1,902	\$ 1,242	\$ 1,564	\$ 57,650	\$ 596,114

VILLAGE OF PINCKNEY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Sewage Disposal System Fund	Water Fund Village Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 312,321	\$ 193,619	\$ 505,940
OPERATING EXPENSES	<u>394,366</u>	<u>257,235</u>	<u>651,601</u>
Operating income (loss)	<u>(82,045)</u>	<u>(63,616)</u>	<u>(145,661)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	103,616	112,774	216,390
Interest (expense)	(25,781)	(16,485)	(42,266)
Other	<u>13,959</u>	<u>8,300</u>	<u>22,259</u>
Net non-operating revenues	<u>91,794</u>	<u>104,589</u>	<u>196,383</u>
Income (loss) before capital contributions and special items	9,749	40,973	50,722
CAPITAL CONTRIBUTIONS			
Connection fees	<u>7,004</u>	<u>7,000</u>	<u>14,004</u>
Net income	16,753	47,973	64,726
RETAINED EARNINGS, JULY 1, 2006	<u>4,973,576</u>	<u>4,522,932</u>	<u>9,496,508</u>
RETAINED EARNINGS, JUNE 30, 2007	<u><u>\$ 4,990,329</u></u>	<u><u>\$ 4,570,905</u></u>	<u><u>\$ 9,561,234</u></u>

VILLAGE OF PINCKNEY
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Sewage Disposal System Fund	Water Fund Village Fund	Totals
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ (82,045)	\$ (63,616)	\$ (145,661)
Adjustments to reconcile operating income to net cash from (used in) operating activities			
Other income/expenses	9,334	8,700	18,034
Depreciation	149,149	110,214	259,363
Changes in assets and liabilities			
(Increase) decrease in accounts receivable	2,133	(16,805)	(14,672)
Decrease in prepaid expenses	906	593	1,499
Decrease in due from other funds	(57)	3,355	3,298
(Decrease) in accounts payable	(54,691)	(3,978)	(58,669)
(Decrease) in due to other funds	(808)	(1,358)	(2,166)
Total adjustments	105,966	100,721	206,687
Net cash from (used in) operating activities	23,921	37,105	61,026
CASH FLOWS FROM (USED IN) CAPITAL RELATED FINANCING ACTIVITIES			
Connection fees received	7,004	7,000	14,004
Purchases of fixed assets	(505,053)	(20,780)	(525,833)
Proceeds from sale of fixed assets	6,500		6,500
Special assessments and interest collected	40,102	29,910	70,012
Repayment of bonds	(25,000)	(20,000)	(45,000)
Interest paid on bonds	(25,781)	(16,885)	(42,666)
Net cash from (used in) capital and related financing activities	(502,228)	(20,755)	(522,983)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on cash and cash equivalents	87,696	100,922	188,618
Net increase (decrease) in cash and cash equivalents	(390,611)	117,272	(273,339)
CASH AND CASH EQUIVALENTS AT JULY 1, 2006	1,776,090	1,822,437	3,598,527
CASH AND CASH EQUIVALENTS AT JUNE 30, 2007	<u>\$ 1,385,479</u>	<u>\$ 1,939,709</u>	<u>\$ 3,325,188</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

VILLAGE OF PINCKNEY
GENERAL FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 600,106
Delinquent personal property taxes receivable	2,255
State shared revenues receivable	28,582
Accounts receivable	55,196
Prepaid expenditures	35,304
Due from other funds	<u>31,624</u>

Total assets		<u>\$ 753,067</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 31,606
Accrued payroll and compensated absences	<u>49,457</u>

Total liabilities		\$ 81,063
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FUND BALANCE

	<u>672,004</u>
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Total liabilities and fund balance		<u>\$ 753,067</u>
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VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 625,710	\$
State shared revenues		161,546	
Refuse collection		130,257	
Tower rental		40,755	
Interest		39,499	
Refunds and reimbursements		6,727	
Cable TV		11,334	
District and local court fines		3,197	
Liquor fees		2,173	
Zoning permits		4,555	
Site plan permits		2,430	
Miscellaneous		7,201	
	<u>996,700</u>	<u>1,035,384</u>	<u>38,684</u>
Total revenues			
EXPENDITURES	<u>988,572</u>	<u>909,930</u>	<u>78,642</u>
Excess of revenues over (under) expenditures	8,128	125,454	117,326
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(6,500)</u>	<u>(5,474)</u>	<u>1,026</u>
Net change in fund balance	1,628	119,980	118,352
FUND BALANCE, JULY 1, 2006	<u>552,024</u>	<u>552,024</u>	
FUND BALANCE, JUNE 30, 2007	<u>\$ 553,652</u>	<u>\$ 672,004</u>	<u>\$ 118,352</u>

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Village council			
Wages	\$	\$ 7,100	\$
Payroll taxes		543	
Insurance		243	
Convention and meetings		639	
	<u>8,571</u>	<u>8,525</u>	<u>46</u>
Total Village council			
Village president			
Wages		20,000	
Payroll taxes		1,530	
Telephone		377	
Dues and subscriptions		160	
Equipment and tools		117	
Insurance		71	
Conventions and meetings		572	
	<u>22,984</u>	<u>22,827</u>	<u>157</u>
Total Village president			
Village - overhead			
Insurance		13,081	
Printing and publishing		1,925	
Utilities		4,866	
Supplies		3,194	
Contracting services		5,567	
Computer supplies and software		6,342	
Telephone and internet		2,543	
Community events		500	
Dues and subscriptions		1,367	
Repair and maintenance		2,143	
Postage		2,291	
Office equipment and copier		332	
Miscellaneous		76	
	<u>41,825</u>	<u>44,227</u>	<u>(2,402)</u>
Total Village - overhead			

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES			
Village clerk			
Wages		28,500	
Payroll taxes		2,180	
Seminars and training		245	
Telephone		346	
Mileage reimbursement		122	
Insurance		84	
Equipment and tools		159	
Dues and subscriptions		50	
Printing and publishing		65	
	<u>31,900</u>	<u>31,751</u>	<u>149</u>
Village secretary			
Wages		12,696	
Payroll taxes		1,054	
Insurance		62	
	<u>14,284</u>	<u>13,812</u>	<u>472</u>
Village treasurer			
Wages		43,067	
Insurance		6,353	
Pension		4,880	
Payroll taxes		3,279	
Miscellaneous		89	
	<u>58,256</u>	<u>57,668</u>	<u>588</u>
Village grounds and building			
Contracted services		20,173	
Repairs and maintenance		5,165	
Insurance		720	
Legal fees		258	
Equipment and tools		176	
Furniture and equipment		148	
Printing and publishing		106	
Capital improvement		325	
Supplies		164	
	<u>13,350</u>	<u>27,235</u>	<u>(13,885)</u>

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Village police department			
Wages		184,175	
Payroll taxes		14,569	
Pension		21,888	
Insurance		71,410	
Seminars and training		226	
Operating lease		9,563	
Printing and publishing		58	
Miscellaneous		50	
Car lease		8,518	
Office supplies		613	
Legal fees		940	
Membership dues and subscriptions		356	
Telephone and internet		2,623	
Radio services		685	
Fuels and lubricants		9,321	
Uniforms, boots, etc		1,255	
Equipment and tools		4,650	
Computer supplies and software		2,136	
Auto repair		4,922	
Contracted services		1,440	
	<u>367,586</u>	<u>339,398</u>	<u>28,188</u>
Total Village police department			
Village zoning administrator			
Wages		12,654	
Payroll taxes		1,135	
Insurance		129	
Printing and publishing		299	
Equipment and tools		26	
Telephone		122	
	<u>15,240</u>	<u>14,365</u>	<u>875</u>
Total Village zoning administrator			

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Village DPW			
Wages		184,414	
Insurance		51,460	
Pension		20,603	
Payroll taxes		14,279	
Fuels and lubricants		6,480	
Equipment and tools		7,170	
Repairs and maintenance		3,321	
Uniforms		1,181	
Telephone and internet		2,012	
Equipment usage		1,480	
Utilities		3,183	
Small tools and equipment		203	
Refuse container		768	
Supplies		811	
Dues and subscriptions		180	
Computer supplies		813	
Contracted services		1,440	
Reimbursements - equipment hours		(21,921)	
Reimbursements - wages		(166,212)	
	<u>164,423</u>	<u>111,665</u>	<u>52,758</u>
Total Village DPW			
Village refuse service			
Refuse expense		120,836	
Fuels and lubricants		478	
Postage		603	
Computer supplies		321	
Repairs and maintenance		53	
Printing and publishing		145	
Miscellaneous		179	
	<u>123,546</u>	<u>122,615</u>	<u>931</u>
Total Village refuse service			

VILLAGE OF PINCKNEY
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Favorable (Unfavorable)
Village planning commission			
Wages		5,100	
Legal fees		3,067	
Printing and publishing		2,299	
Contracted services		1,948	
Payroll taxes		390	
Supplies		14	
Insurance		31	
Total Village planning commission	16,802	12,849	3,953
Street lights	23,000	22,536	464
Downtown Development Authority	59,152	59,090	62
Elections	1,603	1,603	
Parks and recreation	50	31	19
Attorney legal fees	20,000	13,733	6,267
Auditors	6,000	6,000	
Total Village expenditures	\$ 988,572	\$ 909,930	\$ 78,642

MAJOR
STREET
FUND

VILLAGE OF PINCKNEY
MAJOR STREET FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 149,585
Michigan Vehicle Highway Fund receivable	14,936
Federal grant receivable	6,260
Accounts receivable	117
Prepaid expenditures	979
	<hr/>
Total assets	<u>\$ 171,877</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 45,514
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FUND BALANCE

Total liabilities and fund balance	<u>126,363</u>
	<u>\$ 171,877</u>

VILLAGE OF PINCKNEY
MAJOR STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Michigan Vehicle Highway Fund	\$	\$ 90,967	\$
Grant revenue		11,973	
Interest income		6,544	
Other income		92	
	<u>102,470</u>	<u>109,576</u>	<u>7,106</u>
EXPENDITURES			
Contracted construction		94,397	
Labor usage costs		10,433	
Repairs and maintenance		5,515	
Equipment usage costs		3,721	
Insurance		961	
Licenses and permits		500	
Wages		250	
Payroll taxes		19	
Printing and publishing		16	
Legal		195	
Miscellaneous		117	
	<u>112,769</u>	<u>116,124</u>	<u>(3,355)</u>
Excess of revenues over (under) expenditures	(10,299)	(6,548)	3,751
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>20,000</u>	<u>20,000</u>	
Net change in fund balance	9,701	13,452	3,751
FUND BALANCE, JULY 1, 2006	<u>112,911</u>	<u>112,911</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 122,612</u>	<u>\$ 126,363</u>	<u>\$ 3,751</u>

LOCAL
STREET
FUND

VILLAGE OF PINCKNEY
LOCAL STREET FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 66,799
Michigan Vehicle Highway Fund receivable	6,694
Federal grant receivable	6,260
Accounts receivable	157
Prepaid expenditures	<u>1,219</u>
Total assets	<u>\$ 81,129</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4
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FUND BALANCE

Total liabilities and fund balance	<u>\$ 81,129</u>
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VILLAGE OF PINCKNEY
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Michigan Vehicle Highway Fund	\$	\$ 40,766	\$
State grant		11,973	
Interest		2,297	
Refunds and reimbursements		8,644	
	<u>57,570</u>	<u>63,680</u>	<u>6,110</u>
Total revenues			
EXPENDITURES			
Contracted construction		166,998	
Engineering fees		3,800	
Labor usage costs		13,411	
Equipment usage costs		7,107	
Insurance		1,409	
Licenses and permits		500	
Repairs and maintenance		7,009	
Wages		250	
Miscellaneous		304	
Payroll taxes		19	
	<u>202,269</u>	<u>200,807</u>	<u>1,462</u>
Total expenditures			
Excess of revenues over (under) expenditures	(144,699)	(137,127)	7,572
OTHER FINANCING SOURCES (USES)			
Transfer in	125,000	125,000	
	<u>125,000</u>	<u>125,000</u>	<u></u>
Net change in fund balance	(19,699)	(12,127)	7,572
FUND BALANCE, JULY 1, 2006	93,252	93,252	
	<u>93,252</u>	<u>93,252</u>	<u></u>
FUND BALANCE, JUNE 31, 2007	\$ 73,553	\$ 81,125	\$ 7,572
	<u>\$ 73,553</u>	<u>\$ 81,125</u>	<u>\$ 7,572</u>

GENERAL HIGHWAY
FUND

VILLAGE OF PINCKNEY
GENERAL HIGHWAY FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 98,644
Accounts receivable	654
Property taxes receivable	<u>2,255</u>
Total assets	<u>\$ 101,553</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 623
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FUND BALANCE

100,930

Total liabilities and fund balance	<u>\$ 101,553</u>
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VILLAGE OF PINCKNEY
GENERAL HIGHWAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Taxes	\$	\$ 156,428	\$
Interest		6,794	
Right of way fees		12,123	
Permits and fees		3,013	
	<u>170,375</u>	<u>178,358</u>	<u>7,983</u>
Total revenues			
EXPENDITURES			
Sidewalk reimbursement		2,094	
Downtown Development Authority		14,773	
Sidewalks utilities		7,782	
Labor and equipment usage		640	
Printing and publishing		136	
	<u>25,453</u>	<u>25,425</u>	<u>28</u>
Total expenditures			
Excess of revenues over (under) expenditures	144,922	152,933	8,011
OTHER FINANCING SOURCES (USES)			
Transfer (out)	<u>(145,000)</u>	<u>(145,000)</u>	
Net change in fund balance	(78)	7,933	8,011
FUND BALANCE, JULY 1, 2006	<u>92,997</u>	<u>92,997</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 92,919</u>	<u>\$ 100,930</u>	<u>\$ 8,011</u>

DOWNTOWN
DEVELOPMENT
AUTHORITY FUND

VILLAGE OF PINCKNEY
DOWNTOWN DEVELOPMENT AUTHORITY FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$ 177,379
Accounts receivable	245
Prepaid expenditures	<u>37</u>
Total assets	<u><u>\$ 177,661</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 5,618
Accrued interest payable	3,246
Due to other funds	<u>9,050</u>
Total liabilities	\$ 17,914

FUND BALANCE

	<u>159,747</u>
Total liabilities and fund balance	<u><u>\$ 177,661</u></u>

VILLAGE OF PINCKNEY
DOWNTOWN DEVELOPMENT AUTHORITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Property taxes	\$	\$ 105,944	\$
Interest income		9,467	
Other revenue		<u>10,256</u>	
Total revenues	<u>102,609</u>	<u>125,667</u>	<u>23,058</u>
EXPENDITURES			
Street lights		28,695	
Utilities		22,703	
Debt service - principal		15,000	
Debt service - interest		13,109	
Community beautification		3,772	
Grant expense		9,000	
Legal and audit fees		3,991	
Supplies		1,229	
Repairs and maintenance		1,664	
Labor usage		786	
Equipment usage		205	
Printing and publishing		242	
Miscellaneous		837	
Refuse expense		200	
Insurance		<u>26</u>	
Total expenditures	<u>138,050</u>	<u>101,459</u>	<u>36,591</u>
Net change in fund balance	(35,441)	24,208	59,649
FUND BALANCE, JULY 1, 2006	<u>135,539</u>	<u>135,539</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 100,098</u>	<u>\$ 159,747</u>	<u>\$ 59,649</u>

CEMETERY
FUND

VILLAGE OF PINCKNEY
CEMETERY FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents	\$	66,754
Accounts receivable		16
Prepaid expenditures		467
		<hr/>
Total assets	\$	67,237
		<hr/>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$	1,040
Due to other funds		606
		<hr/>
Total liabilities	\$	1,646

FUND BALANCE

		<hr/>
		65,591
		<hr/>
Total liabilities and fund balance	\$	67,237
		<hr/>

VILLAGE OF PINCKNEY
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Sale of lots	\$	\$ 15,000	\$
Interest		3,200	
Miscellaneous		49	
Total revenues	<u>12,500</u>	<u>18,249</u>	<u>5,749</u>
EXPENDITURES			
Labor usage costs		7,904	
Equipment usage costs		3,653	
Legal fees		825	
Repurchase lots		1,350	
Insurance		449	
Repairs and maintenance		891	
Utilities		238	
Equipment and tools		344	
Miscellaneous		34	
Total expenditures	<u>17,281</u>	<u>15,688</u>	<u>1,593</u>
Net change in fund balance	<u>(4,781)</u>	<u>2,561</u>	<u>7,342</u>
FUND BALANCE, JULY 1, 2006	<u>63,030</u>	<u>63,030</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 58,249</u>	<u>\$ 65,591</u>	<u>\$ 7,342</u>

POLICE
TRAINING
FUND

VILLAGE OF PINCKNEY
POLICE TRAINING FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 1,902

FUND BALANCE

FUND BALANCE

\$ 1,902

VILLAGE OF PINCKNEY
POLICE TRAINING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Grant - state	\$	\$ 924	\$
Interest		56	
	<u>930</u>	<u>980</u>	<u>50</u>
Total revenues			
EXPENDITURES			
Supplies		325	
Training		36	
	<u>800</u>	<u>361</u>	<u>439</u>
Total expenditures			
Net change in fund balance	130	619	489
FUND BALANCE, JULY 1, 2006	<u>1,283</u>	<u>1,283</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 1,413</u>	<u>\$ 1,902</u>	<u>\$ 489</u>

DRUG
LAW ENFORCEMENT
FUND

VILLAGE OF PINCKNEY
DRUG LAW ENFORCEMENT FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 1,242

FUND BALANCE

FUND BALANCE

\$ 1,242

VILLAGE OF PINCKNEY
 DRUG LAW ENFORCEMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Miscellaneous	\$	\$ 20	\$
Interest		42	
		<u>62</u>	
Total revenues	25	62	37
EXPENDITURES			
Net change in fund balance	25	62	37
FUND BALANCE, JULY 1, 2006	<u>1,180</u>	<u>1,180</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 1,205</u>	<u>\$ 1,242</u>	<u>\$ 37</u>

POLICE RESERVES
FUND

VILLAGE OF PINCKNEY
POLICE RESERVES FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 1,564

FUND BALANCE

FUND BALANCE

\$ 1,564

VILLAGE OF PINCKNEY
POLICE RESERVES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Miscellaneous	\$	\$ 500	\$
Interest		38	
		<u>538</u>	
Total revenues	530	538	8
EXPENDITURES			
Miscellaneous	<u>51</u>	<u>51</u>	
Net change in fund balance	479	487	8
FUND BALANCE, JULY 1, 2006	<u>1,077</u>	<u>1,077</u>	
FUND BALANCE, JUNE 31, 2007	<u>\$ 1,556</u>	<u>\$ 1,564</u>	<u>\$ 8</u>

LOCAL
IMPROVEMENT
FUND

VILLAGE OF PINCKNEY
LOCAL IMPROVEMENT FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents
Accounts receivable

\$ 57,567
83

Total assets

\$ 57,650

FUND BALANCE

FUND BALANCE

\$ 57,650

VILLAGE OF PINCKNEY
LOCAL IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest income	\$ 850	\$ 2,698	\$ 1,848
EXPENDITURES			
Excess of revenues over (under) expenditures	850	2,698	1,848
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>6,500</u>	<u>5,474</u>	<u>(1,026)</u>
Net change in fund balance	7,350	8,172	822
FUND BALANCE, JULY 1, 2006	<u>49,478</u>	<u>49,478</u>	
FUND BALANCE, JUNE 31, 2007	<u><u>\$ 56,828</u></u>	<u><u>\$ 57,650</u></u>	<u><u>\$ 822</u></u>

SEWAGE
DISPOSAL SYSTEM
FUND

VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents - unrestricted	\$ 444,161	
Accounts receivable - billings	129,421	
Accounts receivable - special assessments	239,955	
Accounts receivable - other	2,413	
Prepaid expenses	3,137	
Due from other funds	<u>563</u>	
Total current assets		\$ 819,650

RESTRICTED ASSETS

Cash - capital replacement	611,170	
Cash - special assessments	<u>330,148</u>	
Total restricted assets		941,318

PROPERTY, PLANT AND EQUIPMENT

Land	49,682	
Property, plant and equipment	5,349,154	
Construction in progress	517,544	
Less: accumulated depreciation	<u>(2,131,496)</u>	
Net property, plant and equipment		<u>3,784,884</u>
Total assets		<u><u>\$ 5,545,852</u></u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 34,281	
Bonds payable - current portion	30,000	
Accrued interest payable	6,225	
Due to other funds	<u>17</u>	
Total current liabilities		\$ 70,523

LONG-TERM LIABILITIES

Payable from restricted assets		
Special assessment limited tax bonds - less current portion		<u>485,000</u>
Total liabilities		555,523

FUND EQUITY

Retained earnings		<u>4,990,329</u>
Total liabilities and fund equity		<u><u>\$ 5,545,852</u></u>

VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES		
Sewer billings		\$ 312,321
OPERATING EXPENSES		
Depreciation	149,149	
Labor costs	81,094	
Utilities	44,721	
Lagoon and manhole work	44,487	
Subcontracted service	17,170	
Testing fees	12,574	
Insurance	5,124	
Equipment usage	7,851	
Audit fees	6,000	
License and permits	3,800	
Repairs and maintenance	5,498	
Fuels and lubricants	1,970	
Equipment and tools	943	
Telephone and internet	1,694	
Supplies	479	
Printing and publishing	153	
Chemicals	3,802	
Computer hardware and software	2,209	
Miscellaneous	704	
Administration fees	2,435	
Legal fees	188	
Dues and subscriptions	505	
Seminars and training	349	
Postage	287	
Uniforms	1,180	
Total operating expenses		<u>394,366</u>
Operating (loss)		(82,045)
NON-OPERATING REVENUES (EXPENSES)		
Interest income	87,696	
Interest income - special assessment	15,920	
Interest (expense)	(25,781)	
Other revenue	9,334	
Gain on sale of assets	4,625	
Net non-operating revenues		<u>91,794</u>
Income before capital contributions and special items		9,749
CAPITAL CONTRIBUTIONS		
Tap-in fees		<u>7,004</u>
Net income		16,753
RETAINED EARNINGS, JULY 1, 2006		<u>4,973,576</u>
RETAINED EARNINGS, JUNE 30, 2007		<u><u>\$ 4,990,329</u></u>

VILLAGE OF PINCKNEY
SEWAGE DISPOSAL SYSTEM FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Operating income (loss)		\$ (82,045)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities		
Other revenue	\$ 9,334	
Depreciation	149,149	
Changes in assets and liabilities		
Decrease in prepaid expenses	906	
Decrease in accounts receivable	2,133	
(Increase) in due from other funds	(57)	
(Decrease) in due to other funds	(808)	
(Decrease) in accounts payable	<u>(54,691)</u>	
Total adjustments		<u>105,966</u>
Net cash from (used in) operating activities		23,921

CASH FLOWS FROM (USED IN) CAPITAL
RELATED FINANCING ACTIVITIES

Additions to sewer system	(505,053)	
Tap-in fees received	7,004	
Repayment of bonds and note payable principal	(25,000)	
Special assessments collected	24,182	
Special assessments interest collected	15,920	
Gain on disposal of asset	6,500	
Interest paid on bonds	<u>(25,781)</u>	
Net cash from (used in) capital and related financing activities		(502,228)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on cash and investments	<u>87,696</u>	
Net (decrease) in cash and cash equivalents		(390,611)

CASH AND CASH EQUIVALENTS AT JULY 1, 2006	<u>1,776,090</u>
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CASH AND CASH EQUIVALENTS AT JUNE 30, 2007	<u><u>\$ 1,385,479</u></u>
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WATER
FUND
VILLAGE

VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
BALANCE SHEET
JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 557,107
Accounts receivable - billings	74,806
Accounts receivable - other	12,930
Prepaid expenses	2,859
Inventory	1,200
Special assessment - current	14,870
Special assessment - deferred	133,828
Due from other funds	43
	<hr/>

Total current assets \$ 797,643

RESTRICTED ASSETS

Cash - capital replacement	834,400
Cash - contributions	363,579
Cash - bond reserve	184,623
	<hr/>

Total restricted assets 1,382,602

PROPERTY, PLANT AND EQUIPMENT

Water system	4,040,037
Equipment	45,826
Construction in progress	20,780
Less: accumulated depreciation	(1,448,071)
	<hr/>

Net property, plant and equipment 2,658,572

Total assets \$ 4,838,817

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 3,595
Due to other funds	417
Accrued interest payable	3,900
Bonds payable - current portion	20,000
	<hr/>

Total current liabilities \$ 27,912

LONG-TERM LIABILITIES

Bonds payable - less current portion	<u>240,000</u>
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Total liabilities 267,912

FUND EQUITY

Retained earnings	<u>4,570,905</u>
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Total liabilities and fund equity \$ 4,838,817

VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES

Water billings	\$ 180,849
Water meter purchases	<u>12,770</u>
Total revenues	193,619

OPERATING EXPENSES

Depreciation	\$ 110,214
Labor usage	47,794
Water meters	48,709
Utilities	9,749
Subcontracted services	2,920
Insurance	4,485
Plumbing supplies	1,118
Chemicals	6,834
Equipment usage	2,564
Auditors	4,500
Testing	1,864
Administrative fees	1,675
Repairs and maintenance	2,974
Fuels and lubricants	1,562
Equipment and tools	1,695
License and permits	1,107
Printing and publishing	730
Legal fees	150
Computer supplies	2,209
Telephone	661
Supplies	607
Dues and subscriptions	341
Security	914
Uniforms	1,181
Miscellaneous	<u>678</u>
Total operating expenses	<u>257,235</u>
Operating (loss)	(63,616)

NON-OPERATING REVENUES (EXPENSES)

Miscellaneous income	8,700
Interest income	100,922
Interest income - SAD	11,852
Interest (expense)	(16,485)
Agent fees	<u>(400)</u>
Net non-operating revenues	<u>104,589</u>
Income before capital contributions	40,973

CAPITAL CONTRIBUTIONS

Tap-in fees	<u>7,000</u>
Net income	47,973

RETAINED EARNINGS, JULY 1, 2006	<u>4,522,932</u>
RETAINED EARNINGS, JUNE 30, 2007	<u><u>\$ 4,570,905</u></u>

VILLAGE OF PINCKNEY
WATER FUND - VILLAGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Operating income (loss)		\$ (63,616)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities		
Miscellaneous	\$ 8,700	
Depreciation	110,214	
Changes in assets and liabilities		
(Increase) in accounts receivable - billings	(3,875)	
(Increase) in accounts receivable - other	(12,930)	
Decrease in prepaid expenses	593	
Decrease in due from other funds	3,355	
(Decrease) in accounts payable	(3,978)	
(Decrease) in due to other funds	(1,358)	
Total adjustments		<u>100,721</u>
Net cash from (used in) operating activities		37,105
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Tap-in fees received	7,000	
Special assessment principal	18,058	
Special assessments interest	11,852	
Purchase of equipment (construction in progress)	(20,780)	
Bond payment principal	(20,000)	
Bond payment interest/fees	(16,885)	
Net cash from (used in) capital and related financing activities		(20,755)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Interest on cash and cash equivalents		<u>100,922</u>
Net increase in cash and cash equivalents		117,272
CASH AND CASH EQUIVALENTS AT JULY 1, 2006		<u>1,822,437</u>
CASH AND CASH EQUIVALENTS AT JUNE 30, 2007		<u><u>\$ 1,939,709</u></u>

CURRENT
TAX
COLLECTION
FUND

VILLAGE OF PINCKNEY
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

\$

LIABILITIES

LIABILITIES

\$

TRUST
AND
AGENCY
FUND

VILLAGE OF PINCKNEY
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 50,694

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to others

\$ 28,554

Due to other funds

22,140

Total liabilities

\$ 50,694

October 20, 2007

Board of Trustees
Village of Pinckney
220 S. Howell St.
Pinckney, MI 48169

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Village of Pinckney for the year ended June 30, 2007, we came across some items which we are bringing to your attention for discussion at the audit presentation. Those items are as follows:

1. Delinquent Personal Property Taxes

Village is carrying eight years of delinquent personal property on their books. It is recommended that anything older than five years be written off through Circuit Court if due diligence has been performed on collecting them.

2. Outstanding checks

As of June 30, 2007 there were several outstanding checks and several of those checks didn't clear in a subsequent month. The Village should be aware of this and when it is deemed they are stale - they should be reissued.

3. Post Employment Benefits - Health Care and GASB No. 45

The Village does have a policy which will allow for retirees to receive health care benefits for life if the retiree meets certain criteria. There are no current retirees receiving this benefit.

The Governmental Accounting Standards Board has released Statement No. 45, Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement gives new guidance to governmental employers in recognizing costs of postemployment benefits such as health care. The statement is effective for the year ending June 30, 2009.

The Village will be required to record as a liability any underfunding of the recommended contribution on the government-wide statements. The contribution amount will be calculated based on a valuation of the obligation to provide the health care benefits. This will require an actuarial valuation to be done at least once every three years.

We suggest the Village start preparing itself for this future requirement. The Village should consider transferring an amount into a newly created special revenue fund.

4. Communication of Significant Deficiencies and Material Weaknesses

In planning and performing our audit of the financial statements of the governmental activities and the business-type activities of the Village of Pinckney as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Pinckney's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Pinckney's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's or detected by the entity's internal control.

We consider the following to be a material weakness of the Village:

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principals. It should be noted that a number of these journal entries were related to transactions that were unusual and infrequent in nature. The entries also include those required for the full-accrual presentation of the government-wide statements.

We would like to thank the Village's staff and management for the cooperation and assistance provided during the audit. If you should have any questions, comments or concerns please let us know.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants